



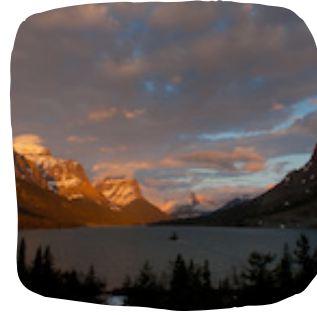
MONTANA

Annual Report for the Citizens

For the year ended June 30, 2019

GOVERNMENT WIDE STATEMENTS

STATE OF MONTANA | 02



Statement of Net Position

June 30, 2019

(amounts expressed in thousands)

	Governmental Activities	Business - Type Activities
Assets	12,243,300	650,895
Deferred outflows of resources	779,931	2,919
Liabilities	3,615,248	167,605
Deferred inflows of resources	212,056	3,641
Total net position	9,195,927	482,568

Statement of Activities

For the Fiscal Year Ended June 30, 2019

(amounts expressed in thousands)

	Governmental Activities	Business - Type Activities
Revenue	6,774,615	527,948
Expenses	6,109,248	422,087
Transfers	55,786	(55,786)
Change in net position	721,153	50,075
Beginning net position, as adjusted	8,474,774	432,493
Total net position	9,195,927	482,568

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year.

Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. In other words, they follow methods that are similar to those used by most businesses, including all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid. The government-wide financial statements include two statements: the Statement of Net Position and the Statement of Activities.

STATE TIDBITS



Gemstones - Sapphire and Montana Agate



Fish - Blackspotted Cutthroat Trout



Bird - Western Meadowlark



Animal - Grizzly Bear



Flower - Bitterroot



Tree - Ponderosa Pine



41st state to be admitted to the Union



Population (2018 est) 1,062,305

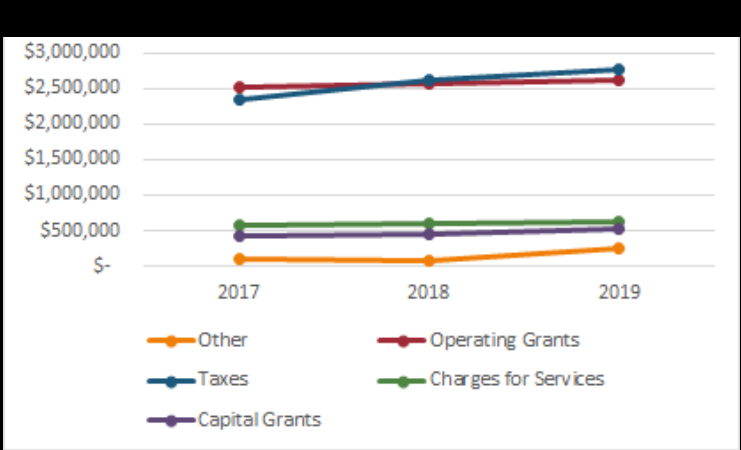
REVENUE & EXPENSE TRENDS

Both governmental and business-type activities' revenues have increased more than their respective expenses, resulting in an increase change in net position in each of the three years presented below.

Revenues

amounts expressed in thousands

Governmental



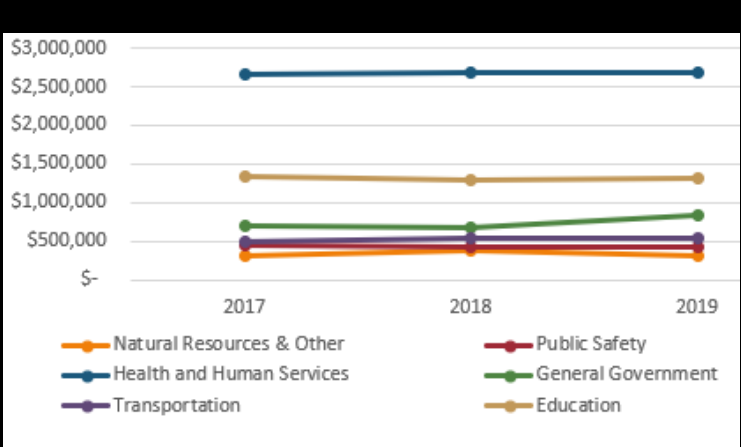
Business-Type



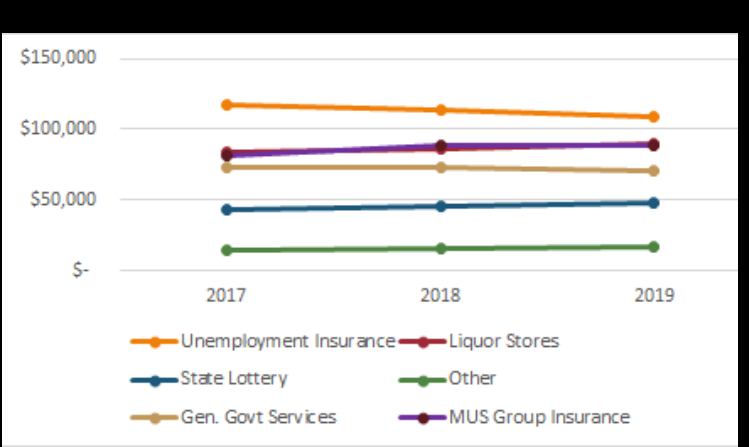
Expenses

amounts expressed in thousands

Governmental



Business-Type



GOVERNMENTAL ACTIVITIES

STATE OF MONTANA | 04



- Mostly supported by taxes and intergovernmental revenues
- Federal grants are considered governmental activities
- Internal service funds are considered governmental activities
- Includes education, general government, health & human services, natural resources and transportation activities

Revenues



Other:	3.6%
Capital Grants:	7.8%
Charges for Services:	9.2%
Operating Grants:	38.6%
Taxes:	40.8%

Expenses

Interest on Long-Term Debt:	0.1%
Natural Resources:	5.0%
Public Safety:	7.0%
Transportation:	9.0%
General Government:	13.5%
Education:	21.5%
Health and Human Services:	43.9%



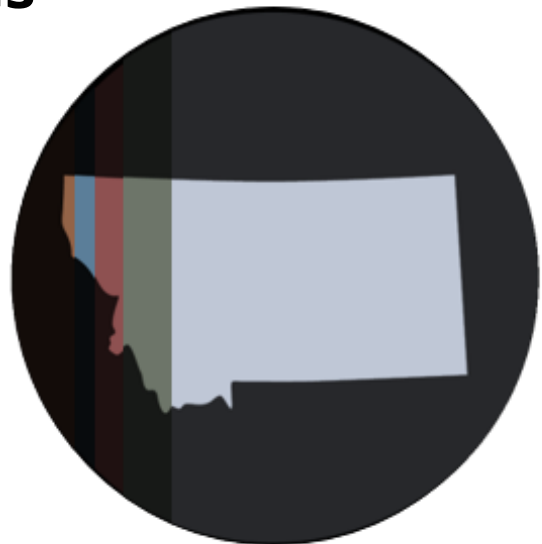
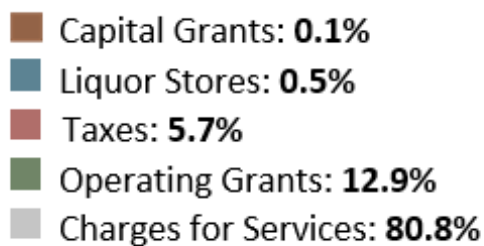
BUSINESS-TYPE ACTIVITIES

STATE OF MONTANA | 05

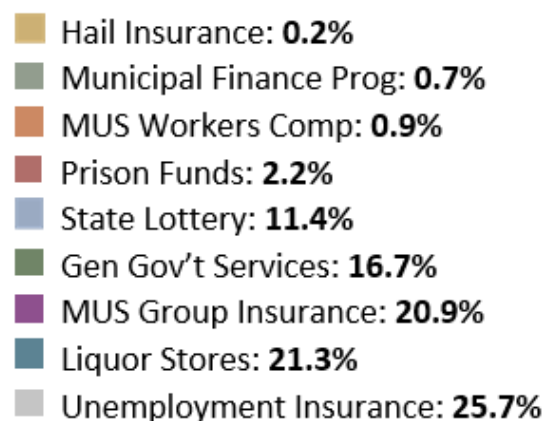


- Cost recovery through user fees & charges to external users of goods and services
- Major business type activities include:
 - Unemployment Insurance Fund - employer contributions deposited with the US Secretary of the Treasury, in which unemployment benefits are paid to eligible recipients
 - Municipal Finance Programs Fund - assists small businesses & local governments to obtain long-term, fixed rate financing

Revenues

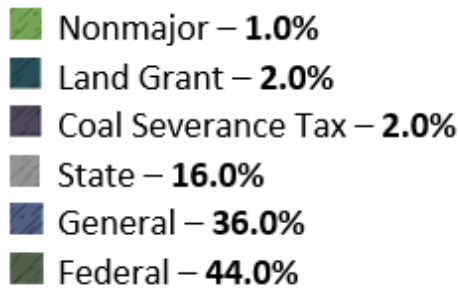
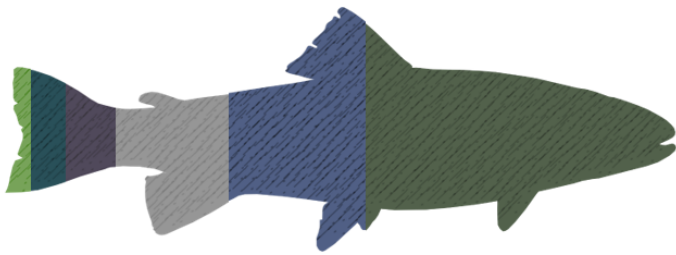


Expenses



GOVERNMENTAL FUNDS

Revenue Generated by Fund Type



ECONOMIC CONDITION HIGHLIGHTS

Agriculture

- 2.5 million head of cattle
- 2018 cattle sales \$1.4 billion
- Wheat production increased 13.0%
- Durum production decreased 3.4%
- Oat & barley production up 36.5% & 32.1%

Natural Resources/Mining

- Employed 7,300 workers, increase of 2.8%
- 302 million barrels of proven oil reserves
- 118.5 billion short tons of coal reserves
 - This represents 25% of total US reserves

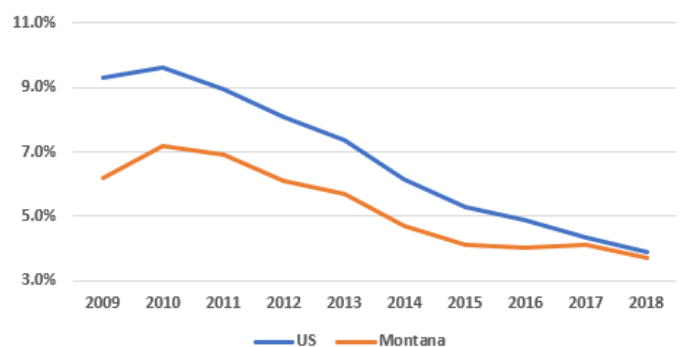
Employment

- 3.4% unemployment rate in 2018
- 484,700 people employed in nonfarm non-adjusted jobs in August 2019
- Payroll employment growth averaged 0.8% from 2008 to 2018

Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near term inflows and outflows of spendable resources. The State's five major governmental funds are the General Fund, the State Special Revenue Fund, the Federal Special Revenue Fund, the Coal Severance Tax Fund, and the Land Grant Fund.



Unemployment Rate



GENERAL FUND ACTIVITIES

STATE OF MONTANA | 03

Fund Balance

- Fund Balance totaled \$443.4 million
 - Increase of \$244.1 million
 - \$4.2 million non-spendable
 - \$60.7 million committed
 - \$17.2 million assigned
 - \$361.3 million unassigned

Revenues

- Revenues totaled \$2.5 billion, 8.2% overall increase

Expenditures

- Expenditures totaled \$2.2 billion, 2.4% overall increase
 - \$28.6 million increase in education
 - \$10.0 million increase in general government
 - \$9.2 million increase in health and human services



MAJOR INITIATIVES

Major Financial Highlights of the 2019 Biennium Budget

- Passed Senate Bill (SB) 125 to create a state reinsurance program to lower the cost of health insurance for Montanans on the individual marketplace by 10-20%
- Passed House Bill (HB) 652 authorizing general obligation bonds for capital & statewide infrastructure projects totaling \$79.9 million
- Passed SB352 to appropriate \$3.8 million on an annual basis to update & maintain public safety radio system infrastructure for the benefit of law enforcement statewide
- \$14.4 million designated as funding for a tuition freeze for higher education
- Medicaid expansion renewal resulted in continued coverage for almost 100,000 people
- Over the biennium, \$6.3 million was appropriated for cybersecurity enhancements throughout the state
- Major maintenance aid increased by \$14.0 million for K-12 schools





ABOUT THIS REPORT

The State of Montana is pleased to present its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019. The material in this report is derived from the Comprehensive Annual Financial Report (CAFR), prepared in accordance with Generally Accepted Accounting Principles (GAAP) during the same reporting period. The data in the PAFR is an unaudited summary and not in accordance with GAAP, as it does not include all the financial statements, funds, component units or other disclosures included in the CAFR. A copy of the fiscal year 2019 CAFR may be obtained on the State's website at www.sfsd.mt.gov/SAB/cafr

Prepared by the Department of Administration